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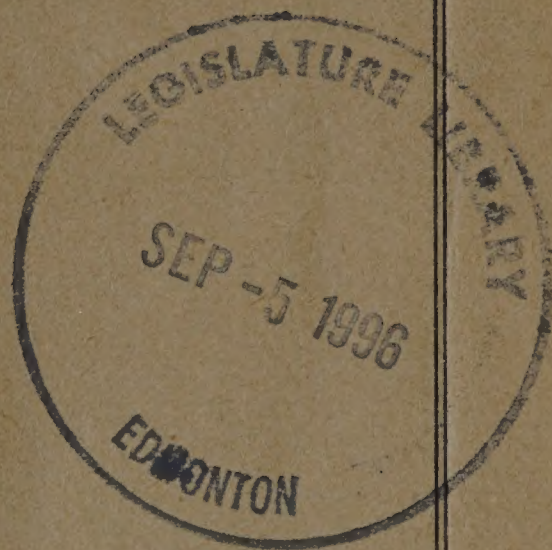
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REPORT

OF THE

BEEF COMMISSION

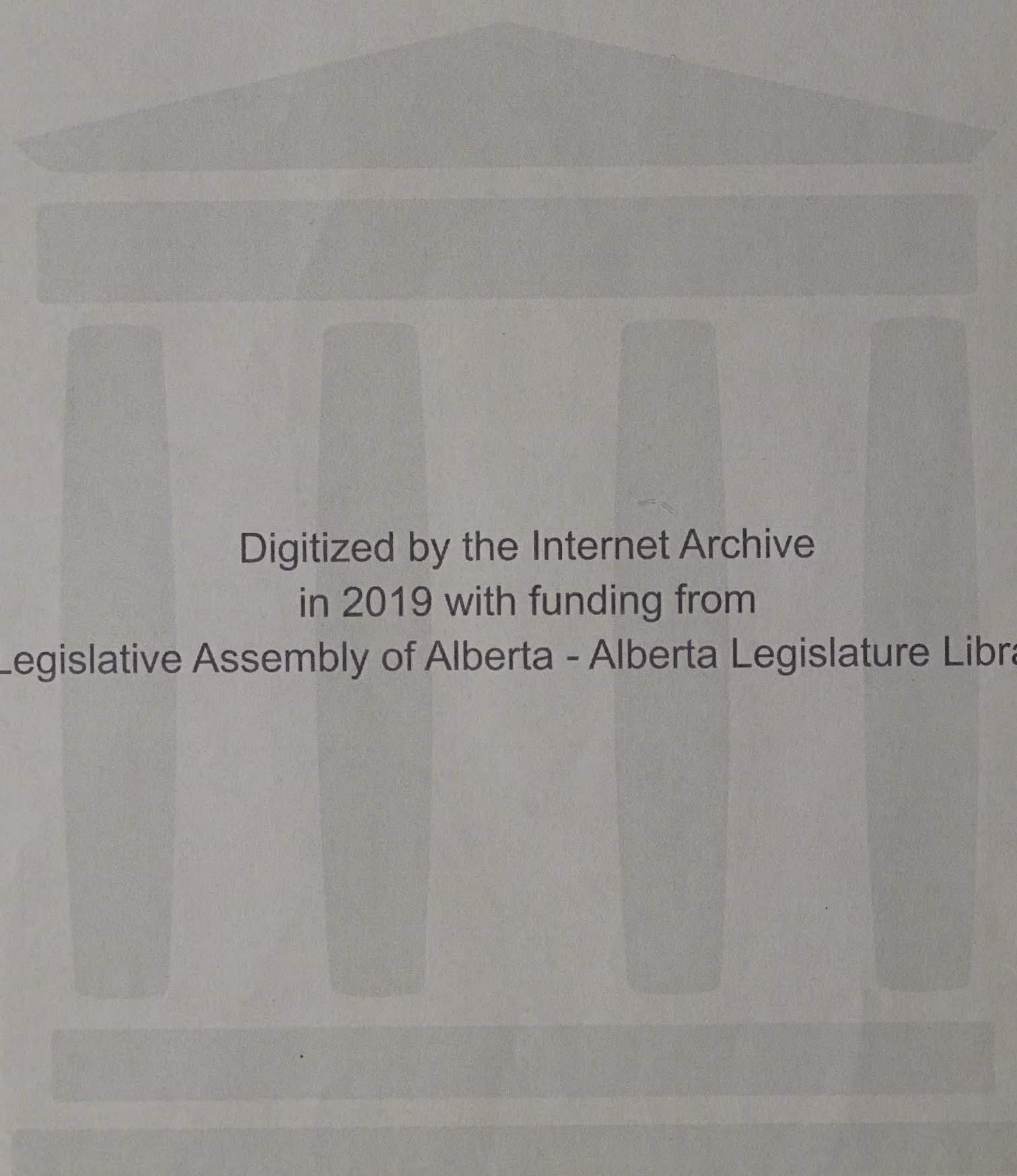


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REPORT

OF THE

BEEF COMMISSION

REPORT

OF THE

BEEF COMMISSION

Appointed to inquire into, investigate and report to the Lieutenant-Governor-in-Council upon and with regard to all matters having to do with the

PURCHASE AND SALE OF CATTLE, HOGS, SHEEP
AND MEAT IN THE PROVINCES OF
MANITOBA AND ALBERTA

And of and into the conditions prevailing in the industry or trade of purchasing and selling cattle, hogs, sheep and meat, and conditions affecting or regulating the price thereof, whether by wholesale or retail, and of and into all facts or conditions tending to the ascertainment of, or whether there exists or has existed, any combination or restraint of, or affecting, trade in cattle, hogs, sheep or meat, or all of them, in the Provinces or elsewhere, such as would infringe on "The Criminal Code of Canada, 1892," and amendments thereto.

TO HIS HONOUR SIR DANIEL HUNTER McMILLAN, K.C.M.G.,

Lieutenant-Governor of the Province of Manitoba in-Council.

Pursuant to appointment, by Order-in-Council dated October 29th, 1906, and amendment, May 6th, 1907, your commissioners held a preliminary meeting at Medicine Hat, Alberta, on May 13th, 1907, and made such arrangements as were necessary to begin the investigation, as authorized by order-in-council, to inquire into, investigate and report to the Lieutenant-Governor-in-Council upon and with regard to all matters having to do with the purchase and sale of cattle, hogs, sheep and meat in the Provinces of Alberta and Manitoba, and of and into the conditions prevailing in the industry or trade of purchasing and selling cattle, hogs, sheep and meat, and conditions affecting or regulating the price thereof, whether by wholesale or retail, and of and into all facts or conditions tending to the ascertainment of, or whether there exists or has existed, any combination or restraint of, or affecting, trade in cattle, hogs, sheep or meat, or all of them, in the Provinces or elsewhere, such as would infringe on "The Criminal Code of Canada, 1892," and amendments thereto.

The commission opened the inquiry at Medicine Hat on June 10th, 1907, and sittings were also held at Lethbridge, Cardston, Macleod, High River, Calgary, Gleichen, Innisfail, Red Deer, Lacombe, Erskine, Wetaskiwin, Edmonton, Vegreville and Vermillion, concluding July 22nd, 1907. The investigation in Alberta being closed, your commissioner returned to Winnipeg, and, with the assistance of Alexander Haggart, K.C., counsel for the commission in this Province, and Deputy Minister Golden, arranged to hold sittings at different points in this Province.

We sent out posters and advertised in the Telegram, Tribune and Free Press places, dates and scope of the inquiry. We mailed letters to a large number of men, representing different branches of the meat industry, requesting them to attend sittings of the commission at points most convenient.

Pursuant to these preliminary arrangements we held a two days' sitting in Winnipeg, commencing July 30th, 1907, two in Brandon, one at each of the following places, Minnedosa, Dauphin, Souris and Manitou, concluding with nine additional days in Winnipeg, and closing the inquiry August 22nd, 1907.

The personnel of the commission in this Province consisted of Alex. M. Campbell, Argyle, Manitoba, chairman; Alex. Middleton,

Coleridge, commissioner for Alberta; Alex. Haggart, K.C., counsel; H. A. Craig, secretary; W. A. Wilkes, expert accountant; H. Ferguson, court stenographer.

The witnesses who gave evidence before the commission may be classified as consisting of twenty farmers, nineteen butchers and local dealers, seven retail butchers, fourteen local dealers, six wholesalers and packers, four railway officials, four commission agents, two exporters, two journalists, one health officer, one brand inspector, one hide merchant, secretary Retail Butchers' Association, and secretary Live Stock Shippers' Association.

GENERAL STATEMENT.

In summing up the result of our investigation, analyzing conditions and suggesting remedies, we do so chiefly along the line of natural laws of trade. We are thoroughly convinced that principles operating in the trade are better than legislation dealing with individuals. In the matter of conditions, we beg to report that we find these in a very chaotic state, being in the transition stage to specialization, and having developed in some respects to a semi-monopoly, semi-trust condition, with competition largely eliminated as a regulating principle.

The Gordon Ironsides and Fares Co.

The paramount position occupied by the Gordon, Ironsides & Fares Co. among the other dealers gives them so much control that its operation may be described as a semi-monopoly. They opened up the export trade some years ago from Western Canada, and have provided facilities all along the line from the Rocky Mountains to Liverpool to handle the same. In the recent years they have practically controlled this branch of the cattle trade, having handled 75 per cent. of the cattle exported from the Dominion of Canada in 1906. They own and operate a well equipped abattoir, in close proximity to the Canadian Pacific Railway stock yards, Winnipeg, with subsidiary equipments at many outlying points, particularly eastward. They have a thorough knowledge of the cattle industry throughout the country, and have been able, by reason of the volume of business transacted, to get the fullest advantage in shipping train loads, instead of car loads, in the early days, when the car was not the freight unit, the fullest advantage for refunds now given to abattoir dealers, the advantages of re-sorting and re-billing at the through rate, as well as the advantage of purchasing ship's space wholesale at a minimum cost. They have extended their operations to Chicago and other points in the south, thus becoming international as well as inter-provincial in their operations. They have ranches in Western Canada and Mexico, and an army of commission men, butchers, local dealers, feeders and farmers, all working in their interests.

A company that conducts so large a volume of business, with up-to-date equipments, a staff of competent officials, and doing business in one of the best stock-growing regions of the world, should, as the result of such advantages, make large profits, at least at a time when prosperity is general and large profits the rule, particularly in specialized industries. In this regard there is no phase of the inquiry in which the evidence appears so conflicting. This, however, is more apparent than real, as the same method of estimating profits will show.

Mr. J. T. Gordon, the president of the company, presented ten pages of type-written figures to show the profits of his company; but, as the same method of calculation pervades the mass, we select only a portion of one page. Your commissioners have endeavored to re-cast these statements in the form presented by other witnesses, and find that the profits of the company are much greater than they appear in the statements presented.

Butcher Cattle.

Statement showing average cost of cattle for first and second six months during the years 1905 and 1906.

	No. of head	Weight	Cost	Average cost per head	Av. cost per 100 lbs. dressed	Av. sell- ing
June 30, 1905	5552	6359868	\$257921 36	\$45 65	\$7 51	\$6 27
Dec. 31, 1905	9502	10227019	303387 17	31 92	5 50	5 45
June 30, 1906	6217	7163294	292648 00	47 07	7 57	6 37
Dec. 31, 1906	13724	14271435	446386 92	32 52	5 77	5 66

Statement showing percentages of gains on turnover:—

1905	4.06 per cent.
1906	2.85 per cent.

The first point to be observed in the above is that two-thirds of the stock were purchased at the low rate, and, if consumption was fairly uniform, and a portion of these were sold during the high rate period, the profits would be greater than these figures indicate. The second point is the high average weight of the cattle, being approximately 1100 pounds in their shrunken state, which would bring them upwards of 1200 pounds in their normal state. This makes it clear that a large percentage of the cattle were heavy enough for export, and were bought at a higher rate than Manitoba butcher cattle; also the high price per head, viz., \$31.82 and \$32.52 respectively for the second half of 1905 and 1906, is proof, in the light of the testimony of Manitoba producers, that export stock is included. The third point is the high cost of the meat per hundred; it appearing as if there was a loss of \$1.25, \$.05, \$1.20 and \$.11 per hundred respectively for the four half years of 1905

and 1906. In order to get this high cost Mr. Gordon has taken the whole of the hide and the other by-products of the bullock to make the cost of the meat, and further on in his evidence, in discussing the value of the hide and offal, he creates a second coat and internal anatomy for this same bullock, and takes a portion of it to make the meat, in an attempt to minimize the value of the hide and offal. The next point is that these beeves only dress 54 per cent., Mr. Gallagher and a number of other witnesses give 60 per cent. A 1200-pound steer will dress 54 per cent. on the farm. Drive him to the station, load him on cars, and keep him from twelve to thirty hours without food or water, and you practically have an 1100-pound steer that will dress 60 per cent. of beef. And this shrunken state is the prevailing rule of weighing in Winnipeg, though the evidence goes to show that it does not obtain in any other stockyard in America, where cattle are fed and watered and weighed in the normal state.

Mr. Gordon gives 4.06 and 2.85 as the gain per cent. on the turnover for the years 1905 and 1906. We know of no mathematical rule that will justify this statement. Judging from our analysis of above averages and percentages we doubt if it is even the percentage of gains on the sum of turnovers. We are convinced his figures do not show his full profits on the individual Manitoba bullock. To show the fallacy that lurks under this statement, supposing a \$25 bullock was bought and sold to the trade weekly at a profit of \$12.50 the annual profit on turning over this \$25 would be \$624, or an annual gain per cent. of 2496 on the turnover, or 48 per cent. on the sum of turnovers, or 32 per cent. on the sum of the sales. But, as the firm's gain per cent. is taken after \$6,000 is withdrawn for each member of the firm, and all other expenses and incidental losses are made up, it is impossible, with any degree of accuracy, to deduce the gross profit on the individual animal.

In the matter of averages, many of the cattle included are from the firm's own ranches, and feeders, and from the western ranges, for which a higher price is paid than to the Manitoba producer. This disparity was often commented on by your commissioners during the investigation in Alberta. P. Burns stated in his evidence that he paid a higher price in Alberta than the Winnipeg dealers paid the Manitoba producers. Then we have the testimony of reliable witnesses that these averages were misleading, and much in excess of what has been paid for the Manitoba product. The investigation here was in regard to Manitoba conditions, and we cannot, in the light of other evidence and our own observations, accept the company's averages as reflecting these conditions.

One of the extraordinary features of the evidence of the big dealers was their attempt to prove to the commission that very high prices were paid for cattle, at the same time that their arguments were chiefly di-

rected to show that the low prices complained of by producers were justifiable. The former was accomplished by crowding the export line for rates, the latter by decrying the class of cattle produced, such as poor breeds, poor finishing, half starved, etc. Yet the evidence shows that amongst the best class of cattle to be found in Western Canada are those reared in north-western Manitoba.

Relation of the Gordon Ironsides and Fares to the Canadian Pacific Railway Co.

Charles Knox testifies—Yes, I have had rebates in shipping horses and cattle. At one time in the history of this country the Americans came up here for stocker cattle, and were taking them south. Naturally the C.P.R. wished to keep the cattle in the country and ship west. I shipped cattle and got a rebate from the C.P.R. As regards rebates on horses, there was a certain time when both cattle and horses were getting plentiful in the west, and there was no exporting. Mr. Gordon opened up the export business in the cattle trade. I made the first shipment of horses. The proposition was made to me by Sir Wm. Van Horne that I should open up the export trade in horses, which I did. The agreement was that I was to ship and the railway was to supply me with cars and free transportation with my men. The horses were to be sold in Belgium, Holland and England in order to test the market, and on my return I was to show the C.P.R. exactly how the transaction turned out. If the horses did not make over and above a certain amount the C.P.R. was to receive nothing. If they made over and above that, I was to pay the C.P.R. for transportation.

H. A. Mullins testifies—I am sure Gordon did not receive a dollar of rebate that I did not know of; they have got this; they may have got an additional pass for their men in the country.

F. W. Peters testifies—On cattle in car loads, originating at stations on the C.P.R. west of a point 500 miles west of Winnipeg, brought into Winnipeg, slaughtered, and fresh beef reshipped to C.P.R. stations east of Cartier, Ontario, to Montreal and Toronto, including stations on the Soo branch, a refund of 12 cents a hundred in the rate on the cattle to Winnipeg may be made, on production of satisfactory evidence of re-shipment, carcass for carcass, within thirty days after receipt of cattle in Winnipeg.

The through rate from Lethbridge to Montreal is 90 cents a hundred on cattle. A dealer in Winnipeg may buy a mixed lot of cattle from ranchers in the Lethbridge district, charge the ranchers 43 cents a hundred, re-sort and re-ship to Montreal at the through rate, thus gaining an advantage of \$26 a car on those shipped east. This advantage would be the rule in the re-shipment of butcher cattle to eastern markets, as dealers invariably charge the producer local freight to Winnipeg.

W. W. Brauer testifies—I will show you the disadvantage to shippers to feed cattle. For instance, a stranger comes in with a carload or a train load; I make this statement, Gordon Ironsides & Fares take charge of and feed and water the cattle, the cattle of the stranger, instead of the railway company feeding the stranger's cattle. The result is that the man naturally feels himself under some obligation to Gordon, Ironside & Fares for doing this. Gordon goes in and cuts out the cattle, sorting the best from the worst; the cows from the heifers. The idea is that, if these cattle are in their possession, these strangers feel that they are under some obligation to them, and no one has a chance to buy these cattle. I think it is very unfair for the C.P.R. to allow such practice. It is unfair to the farmers. I do not see how they can get the full benefit of the market.

Christopher Fahrni testifies—We came to Winnipeg at 3 o'clock in the morning. It got 10, and my cattle were still side-tracked. As it rang 12 o'clock an engine backed my cars into the scales. There alone was a shrinkage of nine hours. I said to Mr. Fares, "This is scandalous treatment." He says, "I do not run the C. P. R." I said, "You certainly run the stockyard officials." I corroborate W. W. Brauer's statement as to the fact that the C. P. R. stock yards are run by the Gordon, Ironsides & Fares Co.

George T. Bater testifies—Can you ship from Alberta to Liverpool as cheaply as Gordon? They sometimes have 20,000 cattle contracted for. The very most we would have would be 6,000. They are in a position, if freight goes down to 27s. 6d or 26s, to order out so many cattle. I could not jump in and do that, because I have no cattle to draw on. Consequently they can go ahead and book 5,000 spaces at 25s.

J. T. Gordon testifies—Is there anything like this from the steamship or C.P.R., that when a man has exported up to a certain number, say 10,000, then he will get a rebate? Take the present, I don't think we have paid more than 25 shillings for ocean freight; I think the reason is we control most of the cattle ourselves, but where there are four or five commission men looking for space, and they all want 100 spaces, it will increase and up goes space 5 shillings.

It would appear from the foregoing evidence that it was the C.P. R. Co. that opened up the export business in cattle and horses, and that Messrs. Gordon and Knox were simply agents, under an agreement that, if the venture was a success, the agents would reap the benefit, while if a failure the C. P. R. Co. would cancel cost of transportation. It would appear that the Gordon, Ironside & Fares Co., as abattoir dealers and exporters, may get a rebate of 12 cents a hundred from certain western points to Winnipeg; that they may re-sort cattle on hand, on which the producer has paid local freight, and re-ship at through rate,

thus getting an advantage of \$26 a car to Montreal from, say Lethbridge, and that they have a quasi control of the C.P.R. stockyards; and, judging from Mr. Baters ambiguous statement, and Mr. Gordon's answer to a direct question in the matter of ship's space, it would appear that there is some point here that was not cleared up. In addition to the above, western shippers have an advantage over eastern buyers, as western buyers get transportation both ways, while eastern buyers get it only one way.

Abattoir Profits on Manitoba Butcher Cattle.

In estimating profits on the grass fed Manitoba cattle, we find that these were purchased from $1\frac{1}{2}$ to 3 cents a pound for the years 1905 and 1906. We have been unable to find the same grading in prices to the consumer, as we find in the grading to the producer. In the light of which we are of the opinion that $2\frac{1}{2}$ and 3 cents for an average, as given by certain witnesses, is over estimating the cost relative to selling in deducing profits. A bullock and a cow in equal condition will dress different values in cuts; but the difference is not sufficient to justify the difference in prices paid, when sold at about the same rate. In a statement by Mr. Gallagher, $3\frac{1}{4}$ cents for October, 1906, would be the price of choice export steers, and, in our opinion, is much above the mark in deducing profits from Manitoba butcher cattle.

Statement by J. A. Gallagher, showing estimated cost and sale of an 1100-pound steer, October, 1906:—

1100 pounds live weight, at $3\frac{1}{4}$ c.....	\$35.75	
660 pounds carcass beef, at $5\frac{1}{2}$ c.....		\$36.30
60 pounds hide, at 10c		6.00
50 pounds tallow, at $2\frac{1}{2}$ c		1.25
Gross profit	7.80	
	<hr/>	<hr/>
	\$43.55	\$43.55

The same steer at a cost of 3 cents a pound:—

1100 pounds live weight, at 3c	\$33.00	
Beef, hide and tallow		\$43.55
Gross profit	10.55	
	<hr/>	<hr/>
	\$43.55	\$43.55

The same steer, at $2\frac{1}{2}$ cents, average paid by the Gordon, Ironside & Fares Co.:—

1100 pounds live weight at $2\frac{1}{2}$ cents	\$27.50	
Beef, hide and tallow		\$43.55
Gross profits	16.05	
	<hr/>	<hr/>
	\$43.55	\$43.55

The above takes no account of hoofs, horns, bones, etc., all of which have a commercial value to an up-to-date abattoir.

Gordon, Ironside & Fares Company's profit on 1000 pound Manitoba grass fed bullock, costing \$25, deduced from their own figures, 1905:—

1000 pounds live weight, at $2\frac{1}{2}$ c	\$25.00	
540 pounds beef, at 5.45		\$29.43
Hide and offal		8.72
Gross profits	13.15	
	<hr/>	<hr/>
	\$38.15	\$38.15

The same bullock estimated as per Mr. Gallagher's statement, 1906:—

1000 pounds live weight, at $2\frac{1}{2}$ c	\$25.00	
600 pounds carcass beef, at $5\frac{1}{2}$ c		\$33.00
50 pounds hide, at 10c		5.00
40 pounds tallow, at $2\frac{1}{2}$ c		1.00
Gross profits	14.00	
	<hr/>	<hr/>
	\$39.00	\$39.00

Hogs.

Statement compiled from evidence July, 1907:—

200 pounds live weight, at $7\frac{1}{4}$ c	\$14.50	
160 pounds dressed pork, at $11\frac{1}{4}$ c		\$18.00
Offal50
Gross profit	4.00	
	<hr/>	<hr/>
	\$18.50	\$18.50

Sheep.

We found practically no sheep in the Province. Only one witness appeared before the commission who reared sheep. He found sheep rearing very profitable, as he received a good price for those sold for breeding purposes, as well as for mutton, besides getting a high price for wool. Judging from his evidence, if farmers went more extensively into sheep rearing, it would considerably lessen the noxious weed inspector's duties. It would appear to be necessary to have a few hounds in the vicinity to protect the sheep and lambs from coyotes.

History of a Bullock from the milk-pail to the frying pan.

In compiling the following statements, to show conditions in the trade during the time the commission was investigating, August, 1907,

we have endeavored to cover as many conditions as possible. We have taken a grain fed animal to show cost to the producer, when feeding food stuffs of commercial value. We have allowed 5 per cent. shrinkage, to show a custom that prevails among local dealers. We have allowed 100 pounds total shrinkage, to reflect general conditions. We follow Mr. Gallagher's evidence in the wholesale statement, except as to the price paid. He gives the cost at 5 cents a pound, live weight. We find nothing in the evidence to justify this as a representative price; $2\frac{3}{4}$ and 3 cents were the prevailing prices, and this is corroborated by a number of local dealers, who were in with shipments, and with whom we came in contact. We, however, allow $3\frac{1}{2}$ cents, weighed off cars in Winnipeg. In the retail statement, the carcass was actually cut up, weighed and a statement made therefrom by Mr. Charles L. Charrest, butcher. The weighed carcass being 650 pounds, we have allowed that instead of 660 pounds, dressed weight.

The New Way.

Producer.—

Cost of calf at birth	\$ 2 00
Whole milk for second, third and fourth weeks	4 00
Chopped oats, 2 lbs. per day, 21 bus. at 30c	6 30
Crushing, 70c, ton hay, \$4	4 70

Second year.—

Chopped oats, 4 lbs. per day, 42 bus. at 30c	12 60	
Crushing \$1.40, 2 tons hay, \$8	9 40	
Pasture for second summer	1 00	
1,200 lbs. live weight, less 5 per cent. shrink at 3c		\$34 20
Loss		5 80
	<hr/>	<hr/>
	\$40 00	\$40 00

Local dealer.—

1,200 lbs. live weight, less 5 per cent. shrink, at 3c	\$34 20	
Further shrinkage of 40 lbs at 3c	1 20	
Freight, say	1 50	
Weighing	05	
1,100 pounds sold to abattoir dealer at $3\frac{1}{2}$ c		\$38 50
Gross profit	1 55	
	<hr/>	<hr/>
	\$38 50	\$38 50

Abattoir dealer.—

1,100 pounds live weight at 3½c	\$38 50	
650 pounds carcass beef at 8½c		\$55 25
60 pounds hide at 8½c		5 10
50 pounds tallow at 2½c		1 25
Gross profit	23 10	
	<hr/>	<hr/>
	\$61 60	\$61 60

Retail dealer.—

650 pounds carcass beef at 8½c	\$55 25	
Front quarter, 164 pounds—		
17 pounds shank and shoulder bone, at 3c.. . . .	\$	51
37 pounds plate and brisket, at 7c	2	59
17 pounds shoulder roast, at 9c	1	53
25½ pounds prime ribs, at 15c.. . . .	3	82
33 pounds chuck, thick ribs and shoulder, at 10c.. . .	3	30
29 pounds neck, at 6c	1	74
2 pounds first joint of neck, at 2½c		05
Hind quarter, 161 pounds—		
14½ pounds flank, at 5c		73
3 pounds suet, at 10c		30
20 pounds shank, at 3c		60
8 pounds cut above shank, at 10c.. . . .		80
52 pounds round and rump, at 12½c	6	50
9 pounds rump steak, at 15c	1	35
53 pounds loin, at 20c	10	60
325 pounds other side	34	43
Gross profit	13 60	
	<hr/>	<hr/>
	\$68 85	\$68 85

The returns from the beef, hide and tallow of this bullock is \$75.21. The amount of labor, impressed and the risk to the producer is out of all proportion to that of any of the other three partners in beef production. Of the others the expenses of the retailer are the greatest, being about 20 per cent. of the turnover in the City of Winnipeg. The producer makes his turnover on an average every three years, the local dealer, wholesaler and retailer every week to two weeks. We found producers, consumers, retailers, and many local dealers, dissatisfied with present conditions. The satisfied classes consisted of wholesalers, some local dealers, a few country town butchers and a few dealers.

The Old Way.

Statement by J. B. Lauzon—

1074 pounds live weight, at 3c	\$32 22	
35 pounds neck, at 5c		\$ 1 75
42 pounds brisket, at 5c		2 10
65 pounds prime of ribs, at 10c		6 50
58 pounds porterhouse, at 12½c		7 25
60 pounds sirloin, at 12½c		7 50
62 pounds round, at 10c		6 20
52 pounds rump, at 8c		4 16
18 pounds flank, at 3c		54
55 pounds shank, at 3c		1 65
39 pounds shoulder, at 6c		2 34
57 pounds chuck plate, at 6c		3 42
59 pounds hide, at 5½c		3 24
Offal		50
Gross profit	14 93	
		<hr/>
	\$47 15	\$47 15

The average price in the above is \$7.32 per hundred. Mr. Charrest paid \$8.50, wholesale, a few days before the above was made up. The Gordon, Ironside & Fares Co.'s average wholesale price, for the first half of the year, was \$7.60. Mr. Gallagher's statement gives \$8.50 wholesale. It would appear from the above that, under conditions in Winnipeg, a butcher who does his own buying, slaughtering and retailing, can make a profit of 46 per cent, and still retail cheaper than the abattoirs sell wholesale, and, when we take into account the value of the by-products to the abattoirs and the cheaper facilities for killing and dressing, we conclude that their profit would at least be 60 per cent. on the turnover. When we take into account the low cost of killing and chilling by abattoirs to outsiders, viz, \$1 a head, and the high cost of retailing and delivering cuts about the city, we fail to see how the retailers, who buy from the abattoirs, can compete with owners of slaughter houses, or with abattoir dealers who have retail shops.

ECONOMICS OF THE MEAT INDUSTRY.

Conditions.

Excerpts from evidence re conditions:—

J. T. Gordon, exporter and abattoir dealer—We are practically all the exporters here, except a new man named W. W. Brauer. The farmer has absolutely everything to do with the price. He says, "Give me so and so." You have to give it; he can ship to Toronto or Montreal,

or any place he likes. There is absolutely no understanding between the abattoir owners, only this, we send out a letter, quoting prices of hogs and cattle, to everybody in the trade on the first and fifteenth day of every month. We do not interfere with packing houses in the West. I never bought cattle in Ontario, unless I shrunk 5 per cent., but there has got to be such competition among the local men that they give the farmer full weight or more than they get here. Very often we will be paying one-half or a quarter of a cent, more or less, than the fixed price.

W. W. Brauer, exporter.—I was a stranger here last year. I want to state that I have dealt in all the large markets of the world, and I have never come into contact with such a band of pirates in my life, and I never had such hard dealings from the general outcome of people, not only the officials, but cattlemen as well. For instance, our cattle would come in in train load lots; they would be assigned to certain pens. Prior to going to the pens we were subjected to having them held on side tracks, because the yards were filled up, we believe maliciously, against W. W. Brauer, in order to give us as much trouble as they could, to drive us away as cattle buyers. These people had keys. I found my cattle were changed from pen to pen, without my knowledge. Three times in one day my cattle were mixed up with that of other shippers. In the matter of loading, we were there and had cattle ready to load; then, after we had hayed the cars for ourselves, Gordon's cattle had been put in these cars. I want to say this in favor of the C.P.R.: When I arrived in town the week before last I resumed the fight that I started last November; they now have promised to do many things that I have requested them to do.

Christopher Fahrni, dealer and breeder.—That shrinkage is a curse. Manitoba is the only place where cattle are sold shrunk. Being dissatisfied with conditions in the Winnipeg market, I re-shipped a consignment to Toronto. The shrinkage I would be out here paid the freight from Winnipeg to Toronto.

Charles Finklestein, dealer.—There is no direct but circumstantial evidence of a combine. A year ago I was expecting a carload of hogs. I saw some of the men who were buying hogs. I asked them the price. They said 7½ cents. When the hogs arrived, two or three days later, the price had dropped to 7 cents. I then found out that they had all dropped at the same time. My opinion is that they must follow a leader. A car is the freight unit now. It was not so six or seven years ago.

Henry Stephen Taylor, dealer.—There is no understanding between us in regard to the price we shall pay, excepting in this way: We get quotations from different dealers in Winnipeg as to the markets. We might have an understanding, just in course of conversation. It is

only in regard to hogs. If they are plentiful we buy on a basis of 75 cents; in case they are scarce, on a basis of 1 cent a pound. The schedule prices on hogs, by different dealers, are always the same. The prices on cattle will vary. Gallagher, Holman & LaFrance will go a little different from Gordon-Ironside and the Western Packing Co. We are heartily in favor of a public abattoir in Winnipeg. We found this, and all traders have found the same, that when there is a fairly good supply of stock on the market in Winnipeg, that if Gordon makes an offer for a shipment, or the Western Packing Co. does, that ends it. If the market is scarce then there is competition, but when there is an ordinary supply you might as well take Gordon's offer, because you will not get a better offer.

John Parker, farmer—The trouble lies with the abattoirs. I think there is one who is not in the combination. I see they are paying 2 and $2\frac{3}{4}$ cents, the paper also quotes $3\frac{3}{4}$ cents; but if you come in here you are offered 2 and $2\frac{1}{4}$ cents.

Kenneth McIvor, farmer—I believe it is a fact that dealers partition the country into districts. It is the case here. It is the same at Oak Lake, and, take north of us, there is a Buelah district, that has never more than one buyer. I know we raise cattle here as well as in any other country under the sun. I have fed cattle in the old country. I know that there is as prime beef here as ever there was on the London market.

Alex. Dugyd Brown, local dealer—In the early days I used to ship a train load at a time. I cannot buy a train load now. Gordon, Ironside & Fares have the country controlled for shipping and export facilities, and unless a company is got up it will be another combine again, for no other person can start against them. They have the export business cinched.

W. S. Nicholson, abattoir dealer—The etiquette of the live stock business forbids a buyer butting in readily, when he sees another buyer talking to the owner of a few cars of cattle.

H. A. Mullins, commission agent—Question, "I suppose when you reach the old country you find yourself in the same position as the local dealers do in Winnipeg. You think that there is a consensus of opinion that no one will deal with you?" Answer, "No, not in Liverpool, London, Chicago or Toronto; they will jump into the pen like wolves."

D. Caughlan, commission agent—The relations between Gordon, Ironside & Fares and P. Burns vary. It seems more apparent this year than ever before that Gordon, Ironside & Fares are aiming to control the cattle trade of the Dominion. They really control seventy-five

per cent. of it for the last eight months. I have seen times when I felt there was very little competition.

John McQuarrie, local dealer—The buyer comes to the market, and if one does not suit I go to the next one. If you get one bid that pretty near settles it, unless the stuff is scarce.

John Body, farmer—The inference is that they have in their hands the trade, and that they make their own prices. I notice that beef in Winnipeg is quoted at 2 to 2 $\frac{3}{4}$ cents and in Toronto 4.60 to 7.25. I should think it would be very profitable to take it to Toronto. Unfortunately we cannot fight these combines. The men the farmers sold to in the past were wholesale buyers. They are now wiped out.

G. G. Caron, farmer—In 1905 I sold my hogs to a butcher in St. Boniface. I got 5 cents a pound, live weight. The abattoirs were paying 4 $\frac{1}{2}$ cents. In 1906 we got 7 $\frac{1}{4}$ cents. This is accounted for by the scarcity of the product, prices were so low in previous years that it killed the raising of hogs. The abattoirs have put prices up, to induce farmers to again go into the raising of hogs. They will again drop the price. They have started already. They have dropped 1 cent a pound since the first of July.

Question—Is this drop the result of over-production?

Answer—No; just their decision.

J. B. Lauzon, butcher and retailer—There are seventy-six retail men in this town, and I do not think that there are five of them worth \$1,000, who are making money. I know the retail business. If I had to make my money on buying meat I would have to go out of business.

W. H. Young, farmer—There is not enough variety between the prices they offer. The men who come to us say they will give us so much. They claim that they can have only a certain offer in Winnipeg. That one offer rules the whole.

Charles M. Williams, local dealer—One man would bid and the rest would sit round on the fence. We can only get one bid in the C. P.R. yards. Considering Montreal and Toronto we are getting a fair price for hogs, but, as to beef, we get no price at all considering outside markets. We regulate our price by Gordon & Ironsides price list or Griffin's. Farmers are going out of the stock business. I shrink the farmers five per cent. When we get to Winnipeg it is eight per cent. Once I got to Winnipeg quick through an accident, and the shrinkage was only 4 per cent.

R. V. Bing, farmer—There is no encouragement for men who breed well-bred stock, you get the same price from the buyers who come

round here as for the poor grade stuff. In selling I just take the first bid, because I would not get another.

A. Wagner, butcher and local dealer—Gordon & Ironsides, Gallagher and Kobold, it seems to me, had a tacit understanding a year ago. I would not go back, I was so disgusted. I could make an arrangement with the C. N. R. to deliver thirty cars to Montreal at a cheaper rate than one car.

Stewart Baird, butcher and local dealer—We are governed by Winnipeg. Winnipeg governs everybody. You get your schedule of prices from Winnipeg, and they wire you that prices are good to a certain day. They make the market.

Arthur Sanders, butcher and local dealer—I bought a steer once that weighed 1,210 pounds, and tied him up to a post for the night; when I put him on the scales next morning he weighed 1,070 pounds. If I had taken that steer to Winnipeg he would have shrunk another 100 pounds.

Alfred Lovatt, farmer.—Question, “You get 4 cents a pound?” Answer—“That is the best along now; it is only worth 3 cents a pound.”

Daniel Anson Chambers, butcher and dealer.—I take a car load of hogs from Souris to Winnipeg. In the first place Gordon gets his load of hogs with 10 per cent. shrinkage at the same price as the 5 per cent. shrinkage car load. This 10 per cent. car load will dress about 83 pounds to the hundred weight. The other man from Rathwell, with the 5 per cent. car load, his stuff will only dress 77 pounds on the hundred-weight. A 200 pound hog from each load will dress 166 and 154 pounds. Gordon gets 12 pounds more pork from the first man than he does from the other. Question.—Supposing I lived in Lethbridge, Alberta, and shipped a train load of cattle to Gordon & Ironside, billed to myself, and Gordon said, “I will pay this freight to the railway company,” and he would forward my cattle, would he get a rate? Answer.—He would charge you up with the local rate and get the cattle through on the reduced rate. Some years ago I bought cattle from Estevan, along with others. We were buying hay for a week. Finally, Fares, who was on the fence, got Nelson & Kennedy to sell, and they bought the whole bunch at 2 1-2 cents. There were export cattle among them. I do not know that they got any advantage in freight; but I know Fares sent the lot of them to Toronto. I know he took advantage of this contract of mine, when I shipped from Indian Head, to forward the stock to Montreal.

James Caldwell Stewart, farmer—Two years ago this fall I had fifteen head of the finest grass cattle I ever had. The highest offer I could get was 2 1-2 cents a pound. Anything that showed signs of hav-

ing a calf was 2 to 2 1-4 cents. I went to Winnipeg to see whether to ship or sell to the local buyer. Gordon said to me, "Give me an idea of what you have got." Gordon said that they would be worth 2 3-4 cents a pound off the cars in Winnipeg. I asked him, "How long would this state of affairs last?" He said, "I do not know, but I do not think that prices are unusually depressed." I said, "They are down to the cost of production, and there is certainly a number of farmers who will go out of business." He said, "You are making money out of it." I said, "We are for somebody else." He said, "I admit they are low, but the cause is over production." "In that case," I said, "the price will go down to the consumer." He said, "It always does." I went amongst the consumers and retail men and I found the price of meat at that time was all the way from 12 to 16 cents a pound, for choice roasts.

J. B. Baird, local dealer.—This shrinkage means a lot to farmers. My hogs shrunk 10 per cent. and in buying from the farmer you have got to take off this shrinkage. All the big dealers lower and raise the price at the same time, though not at the present time. In 1905 and 1906 there was quite a uniformity in action between the big dealers.

Joseph Pritchard, local dealer and butcher.—You get different bids on cattle; hogs are different. You have to pay one price for hogs. Everybody gets one price. In the spring of the year there is no money in the retail business. We get a better profit in the fall.

John Franklin Greenway, local dealer—I had 2,200 pounds of shrinkage on one car of cattle. We were subject to very poor treatment in the yards. That was largely accountable by the fact that the large shippers had control of the yards, and we would have to lie there from two to ten hours. We should have feeding facilities prior to weighing and selling, and have some independent organization controlling the stock-yards.

Wm. Lees McDonald, farmer and dealer.—We need a train oftener than we get it now. We want a schedule train. The shrinkage averages 7 per cent. for hogs and cattle. Sometimes it goes over that for cattle.

Charles L. Charest, retailer—The abattoirs fix the prices we pay.

William Coates—The abattoirs cannot keep fresh meat much over eight days at this time of year. We cannot keep it frozen even. Keep it longer than that it would have been frozen or spoiled.

H. A. Mullins, commission agent.—You may make cattle hold their own on the railway voyage; you can fatten on the steamer.

James Milliken, farmer.—I blame the butchers a good deal for the poor class of cattle going on the market. The butchers will advertise a certain price and the farmer takes in stuff not fit to be sent away.

D. A. Chambers, butcher and local dealer.—In my mind there is no competition in Winnipeg among the abattoir men.

James Fargey, local dealer.—There is no arrangement between me and Mode that we shall not bid against one another, in so far as cattle is concerned; but as to hogs, I think there was an arrangement among all the buyers, including the packers in Winnipeg, that one price should be offered. We were notified when the price went up or down by Gordon-Ironside, Griffin and the Western Packing Co. Each firm sent a circular, in which the price was uniform. In effect, one will not bid over another one.

Frederick Parsons, farmer.—There seems to be no competition. When I first came here, if you had a bunch of three-year-old steers, you would get lots of bids. Now it is all the same price, and there are one or two buyers.

W. Inkerman Wright, farmer.—Years ago the butchers used to come round from Winnipeg, and we had no trouble in selling cattle at a fair price, but, say for the last five or six years, we have perhaps seen one man come there in our district, and he would look at our cattle and give us a price, and if you had a mind to take it all right, and if you do not we never saw another buyer. I do not like paying the butcher 15 cents a pound for meat for which he paid me 2 1-2 cents a pound.

Glen Campbell, farmer.—Question—Some cattle dealers say they will only get one bid?. Answer, "That is all they will ever get; I never got a second bid." Notwithstanding that export cattle cost more per pound here than the cattle killed for local use, and it costs \$20 to \$26 per head to land them in the old country, a roast of Canadian beef can be bought in Glasgow cheaper than in Winnipeg.

Hugh Dyer, farmer.—One thing is certain, we have not got a square deal, and many more will go out of the stock business. I have tried it for seventeen years. I have bought the best shorthorn bulls that money could buy, and I cannot make money out of it. The price of land, labor, feed and building material will prevent a man making money out of it. Something must be wrong. The price of live meat here is \$1 per 100 less than in Chicago. It varies from \$1 to \$1.40, yet the highest in Chicago is 15 cents, and in Winnipeg it is 18 cents. In this week's number of the Breeder's Gazette, published in Chicago, there are steers quoted at \$7 to \$7.35. This is issued July 17th, 1907. The Breeder's Gazette is accurate. Take the annual run of cattle in Winnipeg, say 70,000; that is only a week's trade in Chicago. It is alleged that in Chicago there is a meat trust. It has not struck the butchers yet. There is only one cattle market here. Chicago is only one out of eight of the greatest cattle markets. Yet they talk in Winnipeg of glutting the market.

In comparing prices of cattle in Winnipeg with those of any other market, about one-quarter of a cent a pound

should be deducted from the Winnipeg prices to make the comparison logical, as cattle are weighed here in the shrunken state, in other markets in the normal state. . . A beef animal, at point of shipment weighing 1,200 pounds, often becomes a 1,100 pound beef weighed off the cars in Winnipeg—1,200 pounds at 2 3-4 cents, equals 1,100 pounds at 3 cents.

Range of prices for cattle in Chicago and Winnipeg during last eight months of 1906, Chicago prices show range from lowest to highest in each class. Winnipeg prices, the average from which approximately 25 cents a hundred should be deducted:

CHICAGO.		WINNIPEG.			
	Steers	Steers	Poor to best	Export	Butchers
	1,500 to 1,800	1,200 to 1,500	cows and	steers	cattle
	pounds	pounds	heifers		
May.....	\$4.85-\$6.20	\$4.25-\$6.10	\$2.75-\$5.40	\$4.25	\$4.32
June.....	\$5.10-\$6.10	\$4.20-\$6.10	\$2.40-\$5.45	\$4.00	\$4.22
July.....	\$5.50-\$6.50	\$4.30-\$6.50	\$2.40-\$5.55	\$3.95	\$3.43
Aug.....	\$5.50-\$6.85	\$4.10-\$6.75	\$2.40-\$5.50	\$3.65	\$3.22
Sept.....	\$5.45-\$6.95	\$4.00-\$6.80	\$2.55-\$5.75	\$3.41	\$3.13
Oct.....	\$5.45-\$6.95	\$4.00-\$6.80	\$2.60-\$5.50	\$3.42	\$2.50
Nov.....	\$5.85-\$7.40	\$4.20-\$7.40	\$2.60-\$5.85	\$3.45	\$2.91
Dec.....	\$5.25-\$10.50	\$4.25-\$17.00	\$2.55-\$6.50		\$3.25

Receipts in stock-yards—

	Chicago	Winnipeg
1905	3,401,469	90,927
1906	3,329,250	130,324

Exported from Winnipeg C.P.R. yards—

1905	65,765
1906	85,960

It will be observed in the above statement that the general trend in prices in Chicago was upwards, being highest towards the close of the year, while the opposite is the case during the same months in Winnipeg. The old country market followed the same trend as Chicago. If our market was ruled by general trade conditions, decrease in prices here would not be possible under rising prices in other markets to which we ship cattle. The exceedingly high prices in Chicago in December is accounted for by the sale, by auction, of International Live Stock Exposition prize cattle. The champion load of Angus two's running up to \$17 a hundred.

Analysis of Conditions.

There being so much diversity in the testimony of different witnesses, as to the cause of present conditions in the trade, we are of the

opinion that it will tend to clearness and soundness to deal first with the evolution of the industry, and weigh the evidence in the scale of economic science. One fact is clear, and that is that competition has been largely eliminated as a regulating principle. Generally speaking, the elimination of this principle is contemporaneous with the rise and development of corporations, and the centralization and specialization of industries. Corporation ownership and management, again, is contemporaneous with and largely caused by the introduction of labor-saving machinery, and the consequent development of large equipments for the production and distribution of wealth. The old principle gave everybody a square deal in distributing the wealth arising from any particular industry, between the different partners concerned in its production; but its modern method of regulating prices makes it inapplicable to modern conditions. When we compare the waste of human energy under more primitive methods, when production and exchange was the result of individual effort, to that in the titanic struggle between giant corporations, elimination of this element of wastefulness becomes an economic necessity. It is the principles of combination and co-operation that are displacing the old principle. Hence it follows that if it is to be put in operation again it must be through combination and co-operation, with the element of wastefulness either eliminated or reduced to a minimum. In order to understand clearly the changes that have gradually taken place in the meat industry, we must commence with the days of small things, when the trade was under the control of a large number of owners of small slaughter houses and butcher shops in every town and village in the Province. These drew their supply from the immediate vicinity of their places of business, and simply supplied the local market.

If the supply was limited each butcher and his competitor gradually ran the price up till it increased production. If there was a surplus, competition weakened, prices lowered to the level of production, and gradually the surplus disappeared. The waste of competition under these conditions consisted of an occasional drive into the surrounding country. We assume that there are five hundred such competitors, and that they combine into ten joint stock companies to completely specialize the trade, and co-operate in building large abattoirs with cold storage facilities. They must centralize chiefly in Winnipeg, on account of transportation and water facilities. These five hundred competitors have thus, by combination and co-operation, been reduced to ten competing industrial units. If it is right for five hundred competitors to be reduced to ten competing units by combining and co-operating, why should it be a crime for the ten competing units to combine and co-operate?

Now, these abattoirs, centred in Winnipeg, are such industrial units. Legally, the chartered membership may be limited; but, as industrial units, the membership is co-extensive with all, who by charter,

contract, agreement, etc., have eliminated competition between themselves, and are working in the interests of one or another of these industrial units. Now, if all these stood aloof and competed, as in the days of small things, it is clear that each company must have a large number of men afield and cover an extensive stretch of territory in order to obtain a supply of the required live stock. They must also have a number of men engaged in finding a market, and disposing of the finished product. Not only so, but the men representing each company would be running over the same territory as those representing the other companies. Consequently, when we take into account the price of labor, horseflesh and travelling expenses, the waste of such competition would probably be twenty-five times what it was to the trade in the days of small things. This greatly increased waste of competition is the pressure that is the cause of the evolution of our great industries from the competitive system to the trust system. By the trust system we mean those understandings, agreements and arrangements that are unavoidable, in the adjustment of relations under the new conditions. It is at this stage that the Government responsible should step in and regulate by legislation, failing which, the management of our corporations assume this function and direct the affairs of the people in this behalf. The meat industry in Western Canada reached this stage a few years ago. It may be said that practically all the legislation of our continent, to regulate our industries, are so framed as to check further progress at this stage, thus compelling our captains of industry to adjust relations in secret conclave to escape prosecutions.

Much of the evidence deals with the changes that have taken place at the transition stage. The old buyers have disappeared and a new class, consisting of local butchers, farmers, feeders, merchants, grain buyers, etc., have taken their place. In some districts territory is divided between different buyers. In other districts there are too many buyers. The big dealers arrange prices and send out a schedule of rates to everyone in the trade, etc. How are the big dealers to escape the waste of competition indicated in the foregoing? They may partition territory between them, from which they obtain their supplies; and also partition for marketing purposes. Such an arrangement, if exclusively followed, would be so easily discovered that public opinion, behind section 26 of "The Criminal Code," would make it unworkable. We find, however, that the Gordon, Ironside & Fares Co. do not interfere in the west. An arrangement with the P. Burns Co. is a great saving in the matter of competitive waste. We also find evidence of other territorial divisions; but these, in our opinion, are chiefly arrangements between local dealers, as these know the price they are to receive, and it would be to their interest to divide territory and keep out of one another's way. Another method is to co-operate in setting prices, withdraw their buyers from afield, and send out a schedule of rates to anyone who will buy and ship cattle and hogs to the stock yards. These prices must be uniform, or nearly so, or this adjustment would be un-

workable. We find that the prices on hogs never vary, and on cattle very little. We also find the evidence points to a mutual arrangement in regard to hogs, and that the rest chiefly follow a leader in the cattle trade. In a market where prices fluctuate so much, and that is not regulated by other markets, this uniformity would not be possible without an understanding. It may be said that the Gallagher, Holman & La France Co. are sometimes different. We also find a uniformity in the time of fluctuation of prices, which also points to an understanding. The next problem arises out of the foregoing. All the dealers having issued the same price list, the receipts might go chiefly to one or two dealers. For, although each have their own buyers, there is a floating trade that may go to any one. This is the problem that gives rise to the pool, or some other method that serves the same purpose. We do not find that there is any pooling of profits. We find, however, that when one dealer is full up, that he will offer a price less than the fixed. The dealer who is short will offer the fixed price. Mr. Gordon, in his evidence, says "we very often will be paying one-half or a quarter of a cent more or less than the fixed." This is given as evidence of competition, while in relation to other conditions it may be proof of an arrangement.

Another condition pointed out by the big dealers was the unfinished condition in which many of the cattle came into the stock-yards. In this connection many of the local buyers claimed that there was no grading, by local buyers, to encourage better breeding and better finishing. As we are weighing the evidence in the scale of economic science we accept that of three witnesses as more to the point than that of all others. Stewart Baird, butcher and dealer, says, in answer to the question, "You have heard a large number say that the poor class of cattle causes an unsatisfactory state of the market?" "There is a lot in that, but I think the cattle buyer is just as much to blame; we have men buying cattle who know no more about it than a box car; with an open market in Winnipeg they would have to sell for what it is worth; with a well regulated open market these men would soon be put out of business." The cause of poor cattle going on the market is partly economic, partly the result of natural conditions, and partly agricultural. The lack of proper grading in the stock yards, and by local buyers, the weighing in the shrunken state, and the low prices, are chiefly accountable for the poorly finished class of cattle. This grievance, however, will disappear when the market is properly regulated. One thing is certain, absolutely certain, and that is that the meat trade could not develop to present conditions without arrangements and understandings, from time to time, between some of the big dealers and between these and lesser ones. Natural laws of progress would justify such arrangements while the trade is in the transition stage. When, however, the trade is sufficiently specialized for the dealers to control the trade, when the stock-yards become the emporium into which cattle and hogs are shipped by producers and local dealers, when

the method of competing afield is done away with, there is no rational or scientific reason why such understandings, etc., should continue. We find, however, that the dealers, in eliminating the element of wastefulness, have eliminated the whole principle. Having done so, there is only one method by which they can set prices, and that is at what will give them a safe margin of profit. The tendency of this method is invariably to spread the margin of profit to all the trade will bear. It has reached that stage in Manitoba. We find many producers reducing their herds, while others are going out of stock growing altogether. We also find retail butchers, so narrowed in their margin of profit, that they are petitioning for other facilities in order to escape the exacting domination of the present wholesale dealers.

In summing up the evidence, we find that the prices are set by the Winnipeg dealers, who issue a schedule of rates bi-weekly to the trade;

That other dealers accept these prices, and thus become parties to an arrangement that gives a few big dealers power to regulate prices generally;

That prices issued by dealers never vary from one another on hogs, and very little on cattle;

That there is a uniformity in the time of fluctuation of prices;

That prices of export cattle do not respond to general trade conditions;

That there is much uniformity in the evidence of three of the big dealers;

That the evidence and actions of one commission agent was directed towards the support of that industrial unit, the Gordon, Ironside & Fares Co.

We thus find that the regulation of the meat trade is largely in the control of a few dealers, and that their method of regulation has the effect of tending to restrain production and trade. We are of the opinion that a prosecution under section 26 of "The Criminal Code" would fail, and thereby no permanent remedial effect would be produced on the trade. Further, legislation by the Parliament of Canada would be required to produce the desired remedy. Where conditions are such that dealers who dominate the trade meet daily in the same stockyards, and are in direct communication by telephone, they can evade this law with impunity. The extension of our telephone system alone is sufficient to make any law dealing with individuals inoperative, as it leaves no record of mutual arrangements. It can not, however, affect the operation of private competition in a public market, with a public abattoir and cold storage facilities in close proximity.

RETAIL BUTCHERS.

This class had their origin in the development of the large abattoirs and the consequent disappearance of the small slaughter house and, like every other branch of the industry, they found themselves face to face with problems arising from the gradual evolution of the trade. They found themselves hemmed in, on the one side, by an exacting wholesaler, on the other by a complaining consumer. They found their customers supplied, during the months in which nature provides cold storage facilities, by farmers and jobbers; thus breaking in on the uniformity of their business operations and causing them to lose the profits which they expected to make during the time of year when meat, wholesale, is cheapest. These industrial environs, and section 26 of "The Criminal Code," hanging, like the sword of Damocles, over their heads, have been the problems the retail butchers were up against. Whatever they are to do, to relieve the pressure closing in on them, and reducing their profits to all the trade would bear, must be done in secret, as the laws in restraint of trade may land them behind prison bars, if they openly show that there is any understanding between them and other dealers, to either drive the farmers out of a time honored custom or to pool their interests with the wholesalers. They appear, first, to have done what they could among themselves to minimize the peddling of meat stuffs about the city. Then, on May 7th, 1906, we find a joint meeting of wholesalers and retailers held to consider the question of peddling by farmers and jobbers, at which a resolution was passed asking the city council to pass a by-law raising the license fee for peddling to \$150. Again, on November 26th, 1906, the following resolution, "that the city council be petitioned by the butchers' section of the Retail Merchants' Association to pass a by-law to the effect that all meats sold to the public for food, on the public market by either farmers or jobbers, must be killed within the city and properly inspected by a duly authorized inspector, and properly tagged, under a penalty, and also to abolish peddling of all description." In the gradual evolution of ideas it would appear as if the retailers thought that the above would be effective in remedying their grievances. On further consideration they must have seen that, while it would strike a blow at the farmers, it would strengthen the hands of the wholesalers, and would in no way benefit the consumers, and that hence the problem could not thus be solved, and later we find the following resolution, which is directed against the wholesalers, "Moved by this association, that we petition the city council to build an abattoir for the advantage of the section of the Retail Merchants' Association, to relieve us from the present disadvantage of being compelled practically to deal with the local abattoirs, and to have all meats properly inspected." This resolution, though along the right line, is still too narrow. The next resolution, however, has the proper ring to it; it is broad as the trade, deep as the principles of economic science, and rationally sound throughout. On August 21st, 1907, it is resolved "that we, the members of the Retail Butchers' Association of

Winnipeg, assembled in meeting, do recommend and strongly urge that the City of Winnipeg do provide a public cattle market and a public abattoir, with cold storage equipment; and we, the said members of the Retail Butchers' Association, do hereby pledge to give it our support to maintain it; that we believe that a public cattle market and a public abattoir will be the salvation of the meat trade in this city, as it will provide the farmers with a competitive market, where butchers and dealers in meat can buy at first hand direct from the farmers, eliminating the large profits made by the wholesalers or abattoirs, and will enable the butchers to sell more cheaply, and as a result will be a benefit to farmer and consumer alike."

A public cattle market and a public abattoir, if commodious, properly equipped and skillfully managed, will helpfully regulate the trade and benefit producers, consumers and retailers. When one realizes the significance of the above resolution, its soundness and far reaching effect, and compare it to the blows aimed, first at the farmer then at the wholesaler, in ignorance of the real cause and remedy of their grievance, it is an object lesson to our citizens that a little education, in regard to the new problems produced by the introduction of labor-saving equipments for the production and distribution of wealth, and the consequent development of corporations and trust conditions, would largely give the necessary regulations and produce conditions beneficial to producers, dealers and consumers.

REMEDY.

The big dealers have, within recent years, absorbed the lion's share of the wealth produced in the meat industry. This condition should be remedied. The future prosperity of our Province depends almost entirely on our exports of grain and stock. Continued grain production is dependent on stock production, so that, as stock is the basis of our future prosperity, it is incumbent on every patriotic citizen to unite in so regulating the trade as to restore confidence, as well as to improve equipments for getting our stock into foreign markets on the most favorable conditions. It is certain that the remedy that will make for a more equitable distribution of wealth will not result from the operation of section 26 of "The Criminal Code." There is one, and only one, economic remedy in the light of the evidence, and in the light of public opinion generally. In discussing the evolution of the trade we reached the point in our argument where we showed that competition was displaced by the principles of combination and co-operation, on account of the increased waste of human energy under modern co-operative conditions. It appears to us simple and logical, at this point, to infer that the proper remedy lies in restoring the old principle, with the element of wastefulness eliminated, through the operation of the principles of combination and co-operation.

Let the people combine and co-operate in providing such facilities as will ensure competition between those engaged in the trade. This is to be found in a public market, with an abattoir as an essential part of the equipment. That this abattoir should be publicly owned is not essential. It is, however, expedient. But, that it should be controlled by the public, is absolutely essential.

A public abattoir, with union stock-yards, under independent management, schedule stock trains on certain market days, and a weekly bulletin dealing with conditions in the trade, are what public interests demand.

There were two objections advanced against a public market and abattoir, first, that it is not fair to put public capital in competition with private capital. This plant is not to be established to compete with private equipments; but to let seventy-six retail butchers loose from the control of private corporations, and give them a chance to compete, on equal terms, with their fellows in the trade. This public institution is not intended to provide facilities for the producers and local dealers, so that they may get away from the present dealers; but to regulate the market and act as a safety valve, so that these can not be held up by any permanent or temporary combination among the big dealers. The other objection was that it may not be a success, as a business enterprise in the way of dividends. We are not recommending this remedy to make dividends, but to regulate the trade and more equitably distribute the wealth arising from the industry. We are recommending it to give dividends to the producer, in the way of better returns for his well finished bullock, and dividends to the consumer in the way of cheaper meat. The above is ideal; it is scientific; it is amply justified by the evidence. It will restore confidence in the trade. It will improve our breeds and better finish our beeves, besides relieving the big dealers of public obloquy and a portion of their gains.

MANAGEMENT.

Should such an institution be under federal, provincial or municipal control? How many members of the Federal Parliament would be interested in the management of an abattoir in Winnipeg? How many members of the Provincial Parliament would be in close enough touch with such an institution to be interested? Yet, is there a single member of the city government who would not be directly affected by the management or mismanagement of such an institution? Besides, meat products are so prepared to be consumed by our urban population, farmers as a rule slaughtering and curing their own meats.

The management should be municipal. Winnipeg is the gateway to what, through a well regulated public market, is bound to become one of the greatest stock producing areas in the world. It is also the

funnel through which these meat products will be poured into the centres of population in the east. In providing equipments, due consideration should be given to the great responsibilities of the future, rather than attempt to provide a makeshift that would barely meet present requirements. It is a well known fact that those cities which possess the largest live stock markets have made the greatest, most rapid, and most permanent growth in everything which the word civilization represents. Let the citizens of Winnipeg realize their responsibility in this behalf, and develop out of the narrow provincialism that prevails in her stock market, by providing an up-to-date equipment and more cosmopolitan marketing facilities. But, though the above equipment is a municipal enterprise, it could not be expected that the citizens of Winnipeg should bear the whole burden of regulating our meat trade. Such facilities would benefit, not only the citizens of Winnipeg, but of the whole Province, in fact the whole of Western Canada. In which case we are of the opinion that the Provincial Government should render every assistance possible to such an enterprise.

THE EXPORT TRADE.

Till recently it may be said that the Gordon, Ironside & Fares Co. were the only exporters in Western Canada. There have also been a few commission agents, and an occasional shipment was sent out by producers. The above company, however, practically controlled the trade. In the fall of 1906 Mr. W. W. Brauer, of the British Export Co., appeared in the Winnipeg stockyards as an exporter and competitor of the existing companies. His advent appears to have created considerable stir in this branch of our cattle trade, by reviving the old regulating principle, and thus dissipating the hitherto sluggish state of the market. In this connection Mr. Geo. T. Bater testifies: "Mr. Brauer came along last fall. Everybody got rustling to get their share of the cattle. There was much rustling and night work done."

Question:—"If it is true that the appearance of one man on the scene puts the rest on the move, does it follow that there is an understanding among the rest?"

"No; when Brauer came upon the scene I knew for a positive fact that he had so much freight taken, and he had come to fill; and cattle were \$10 less here than in Chicago. I started my partner in the west getting busy, and I sold my cattle to Brauer. He was offering a fair price, and I could make a profit off him. Gordon got busy, too. He was anxious to get more cattle."

The great bulk of our export cattle comes from Saskatchewan and Alberta, although amongst the best cattle reared in Western Canada are those to be found in Northwestern Manitoba, even though conditions in the west are more favorable to production at a minimum cost. Much

had been said before the commission in regard to the necessity for better breeds and better finishing for the market, so that the percentage of export would be increased, and that of local butchers' stuff lessened. In this behalf one witness suggested that the Government appoint an inspector to go among our herds and weed out the scrubs. In our opinion there is no inspector that will do the effective work of a well regulated public market, with a publicly controlled abattoir as part of the equipment. It was also pointed out that in the late fall and early summer months the western cattle came in in better condition than the Manitoba product. Mr. Gordon stated that if the Manitoba farmer would not starve his bullocks, but finish them better for the market, better returns might be expected. It would perhaps be nearer the mark to say that the Manitoba product is starved by natural conditions rather than by the farmer, who, in the late fall and early spring, is too busy to provide the required food. In Manitoba and the northern portions of Saskatchewan and Alberta the grass remains green till late in the summer, when the early frosts destroy its nourishing properties and leave little but the fibre, so that cattle in these districts will lose flesh unless provided with more nourishing food during the late fall and early spring. On the higher plateau lands of Western Canada, known as the range country, the grass ripens and cures on the ground before the fall frosts, so that, leaving climatic conditions out of account, the western range bullock is as well off in November and April as the Manitoba bullock feeding at a hay stack. This is a natural condition that the Manitoba stock-grower should provide against, not only for the beeves he is going to market, but for his stockers, feeders and milch cows, by supplementing grazing with a stack of green feed to keep up his herd in the few weeks previous to winter stabling, for an animal that enters the stable in good flesh is already half through the winter. In our opinion the shipping of our stockers to outside districts to be finished is a mistaken policy. There are large stretches of good grazing land in this Province, and will be for years to come. Our only lack is in feeding facilities. Providing that economic conditions in the trade will be properly regulated, we know of no better opening for a young agriculturist than to select a farm with grazing land adjoining, devote his time to providing food stuffs and buying up stockers and feeders and finishing them for the market. Let him get a few lessons on stock-judging, and on the principles of feeding from Prof. Rutherford, of our Agricultural College; so that he can step into the auction ring or cattle yard, and be able to tell at a glance the beef value of the feeder he is buying, and also be able to make the most economical use of the feed he is using, and he will find his business profitable. Our facilities for caring for our stockers and finishing feeders are very inadequate, and we are of the opinion that the Department of Agriculture should encourage feeding stations and facilities to develop our stockers at home. Such a policy would greatly increase the percentage of export. We find, in referring to Mr. Gordon's statement *re* butcher cattle, that he purchased, during the months of September, October, November and December, 1906, 10512

head, and only 9424 during the other eight months of the year. Such a condition as this will tend to temporarily glut the market and lower prices. The few men in the Province who purchase feeders do so at the time of low prices, and have them finished at the time beeves are scarce, and the market conditions most favorable. From this it is clear that by providing more feeding facilities, not only would the percentage of export be increased, but the marketing of butcher cattle would be more equally distributed over the year and tend to steady market conditions. Let the City of Winnipeg, through its municipal government, provide an open and well-regulated stock market, with a public abattoir. Let our railway companies provide union stock-yards and schedule stock-trains, with better feeding facilities, together with stock yards suited to our climatic conditions. Let our Provincial Department of Agriculture, through our Agricultural College, encourage feeding stations and stock farms that will handle most of our own stockers, and it will be found that our breeders of pure-bred stock, who have invested large sums of money to improve our herds, will find a ready market. It will be found that stock-judging schools will be in demand, and general confidence in the trade restored.

Such conditions as these will greatly increase the percentage of our export, and the next point to consider is the best means of getting our beef into the foreign markets. Many witnesses advocated shipping in the chilled meat state, pointing out the disadvantage from the embargo on live stock, and the advantage of the reduced freight on the chilled carcass, compared with the animal on foot. On the other hand the abattoir and cold storage equipments required here, in Montreal and at old country points would be very costly. Besides, the value of the hide and offal here is trifling compared with its value in the old country. It was also pointed out that New Zealand, Australia and Argentine made a success of shipping in the chilled state. In this connection, however, it is a notable fact that the United States, that could and would ship in the chilled state exclusively, if more profitable, still continues to export cattle on foot. In summing up the pros and cons we are of the opinion that it would not be advisable to adopt this method at the present time. However, when local conditions are properly regulated, shipments of chilled meat should be made in an experimental way.

Approximate cost of shipment of 510 cattle from Winnipeg to Liverpool, via Montreal, in thirty cars, seventeen cattle to each car—

Statement by W. W. Brauer, exporter—

Hay in Winnipeg yards, 4 bales to car, 30 cars, 120 bales.at
approximate cost of 50 cents per bale, based on hay
costing \$11 a ton \$ 60 00

Railroad freight, 30 cars, 20,000 pounds each, 600,000 pounds at 60 cents a hundred	\$ 3600 00
Hay in cars, 4 bales in racks, 4 bales on floor, 8 bales to car, 240 bales, at 50 cents per bale	120 00
Hay in yards and cars at White River, 6 bales to car, 180 bales at 80 cents per bale	144 00
Hay in yards at Montreal, 200 pounds to car, at \$1 a hundred, \$2 per car	60 00
Ocean feed, 300 pounds hay per bullock, at \$14 a ton....	1071 00
Straw, 20 pounds per bullock, at \$10 a ton	51 00
Utensils for use on board ship	25 00
Ropes for 510 cattle, at 10 cents each	51 00
Insurance at $\frac{3}{4}$ per cent on \$60 valuation	229 60
Men as attendants on cattle, allowing 30 cents on 510 head	153 00
Loading charges in Montreal, 10 cents per head	51 00
Ocean freight, based on 30s per head, which is extreme top price of year, \$ 765 00	765 00
Exchange at \$4.86 for each £1	3719 90
Estimated total expenses in Liverpool, \$4 per head	2040 00
	<hr/>
	\$11375 40

Average cost, \$22.30 per head, from the time a steer arrives in Winnipeg stock-yards, and including all expenses of every kind, till sold in Liverpool.

Mr. Gordon, our chief exporter, did not give a statement of cost of shipment. He, however, gave a statement of cost of export cattle, and incidentally expenses along the way. Prices paid by him for choice export steers for the season 1906, ranged from \$60.40 in July to \$42.70 in November, with an average for the season of \$49.25. He says, in evidence, "We lost on these cattle that cost us from \$49 to \$60. With freight added it would make the cattle cost \$87 in the old country." Mr. Gordon gets his space, according to his own evidence, for 25 shillings per head, or 5 shillings less than Mr. Brauer's estimate, a difference of \$1.21, and, together with 70 cents other advantages, on account of private equipments at certain points, \$1.91; Mr. Brauer's estimate of cost of shipment is \$22.30; Mr. Gordon's, therefore, would be \$20.39. The average weight of the export steers for August, that cost \$49.55, is 1357 pounds. The average for those purchased in July, that cost \$60.40, is 1529 pounds. Now, these steers were already shrunk when bought, and they would at least be 1300 and 1500 pound steers in Liverpool. The total cost, in each case, till sold in Liverpool, would be \$49.55, plus \$20.39—\$69.94, and \$60.40, plus \$20.39—\$80.79.

Mr. Bater, commission agent, stated, "That ranchers in Liverpool were quoted as low as $8\frac{1}{2}$ cents a pound, and cattle were afterwards quoted as high as 11 cents." Mr. Gordon stated, "take it in Hamilton, Ontario, cattle, stall-fed and put on the grass, selling in London at 12 cents; the pick of Alberta cattle selling at $11\frac{1}{2}$ and $11\frac{1}{4}$ cents." At $8\frac{1}{2}$ cents those steers would sell in Liverpool for \$110.50 and \$127.50 respectively, leaving a net profit of \$40.56 and \$46.71, or approximately 58 per cent in each case. But, if sold at 11 cents, the net profits would be \$73.06 and \$84.21, or 104 per cent. on the total outlay. Perhaps there was no point more vigorously debated before the commission than the statement made by the president of the Gordon, Ironside & Fares Co., "that they could ship cattle \$3 to \$4 a head cheaper than a rancher." We assume that this firm buys a train load of 510 choice export steers at Maple Creek, Saskatchewan, weighed off cars in Winnipeg. At the same time a rancher loads up an identically similar shipment. We assume that these steers weigh 1400 pounds each in the normal state at Maple Creek, and that they are worth 4 cents a pound at point of shipment, or \$56 a head. They have a straight run into Winnipeg, without feeding or watering. Both shipments are weighed off cars and each bullock only weighs approximately 1300 pounds, at 4 cents, \$52 a head, which is \$4 less than if weighed according to the rules that prevail in all the leading stock markets of the continent. In other words, Mr. Gordon has charged the man from whom he bought the cattle \$4 a head for feeding Gordon's own cattle in Winnipeg. Both shipments, being fed and watered, they are reloaded in the normal state, each bullock again weighing approximately 1400 pounds. Now, as the rancher had no cinch to get \$4 a head for the grass and water the cattle lost in transit, Mr. Gordon has this advantage of \$4 a head through the shrinkage rule, or \$68 a car of seventeen head. He may also have another advantage in being an abattoir dealer, and shipping a large number of dressed carcasses east and along the Soo line. We assume that he has shipped an equal number of carcasses to eastern points; for which he will get a rebate of 12 cents a hundred on his export; the producer invariably paying the freight on butcher cattle and sometimes on export. This gives him an advantage of \$68 a car, on account of the shrinkage rule, and \$26.52 rebate as abattoir dealer. Eastward from Winnipeg his advantage would be \$1.21, ocean space, and 70 cents on account of private equipments, or \$32.47 a car. There is another advantage which he might have. He might buy trainloads of a mixed lot of cattle in Saskatchewan, charge the local freight to the producer, re-sort these in stock-yards and re-ship at through rate. We consider this inference justifiable from the evidence in the west, from the fact that in May and June, 1906, the average prices paid for export steers were \$4.25 and \$4 a hundred res., while for the same months the average price for butchers was \$4.32 and \$4.22. In the case of such a shipment, together with other advantages, his total advantage might be:

On account of shrinkage rule	\$ 68 00 a car
Rebate as abattoir dealer	26 52 a car
Ship's space and private equipments	32 47 a car
Local freight paid by rancher	88 40 a car
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Total.....	\$215 39 a car

or \$12.66 a head. The through rate from Maple Creek to Montreal is \$194.48 a car of seventeen steers. This firm's advantage on the shrinkage rule is invariable. The amount may fluctuate; but every hour's delay in runs and side-tracking adds to their rebate in this behalf. The rebate as abattoir dealers is occasional, but very considerable, as all their subsidiary equipments are eastward. Advantage from ship's space would be quite general; and, judging from the evidence, re-sorting and reshipping on through rate, after charging local rate to producer, is very considerable. There is still another advantage which the Gordon, Ironside & Fares Co. might have. Many independent shippers testified to slow runs and side tracking. We could not credit that there would be any discrimination in favor of large shippers in this matter, as we could not understand how such could be probable under C.P.R. management. We are of the opinion, however, after considering the evidence of Messrs. Brauer, Fahrni and others in regard to the modus operandi in the Winnipeg stock-yards, that large dealers may be able to delay shipments at other points along the line. Such discrimination, as indicated in the foregoing, should, if it exists, be abolished. The Parliament of Canada should compel dealers to weigh in the normal state. The C. P. R. Company should do away with the abattoir rebate, as, under the peculiar conditions in the meat trade, it is practically a rebate in favor of the exporting abattoirs. We fail to see how gambling in ship's space, by the large shippers, can be remedied, so that the small shipper could have equal advantage with the large one. The proper grading of cattle will regulate itself, when more cosmopolitan marketing facilities are provided.

TRANSPORTATION COMPANIES.

The interests of the Canadian Pacific Railway Company is so closely interwoven with that of every industry in Western Canada that when such an investigation as that into the meat trade is agitating the public mind, this company comes in for a fair share of adverse criticism. Considering the magnitude of the system, and the fact that its history is in a large measure the history of material progress in Western Canada, this was expected. After analyzing the evidence, however, we are satisfied that the policy of this company has been directed towards the general development of the country and the interests of the cattle trade. The opening up of the export business was to relieve the home market. The rebate to abattoir dealers is to encourage the outward movement of meat products, etc. It may be said that the Canadian Pacific Railway

Company assumed functions of government that should have been done by the representatives of the people. This is one of the threatening dangers to modern society. Social relation after relation is developing out of the increasing complexity of the social organism. Our governments appear to assume that when they attend to such routine matters, as our predecessors did half a century ago, that they have fulfilled their duties, while new social relation after relation is being adjusted, and function after function of government is being assumed by irresponsible corporations.

The Canadian Northern.—Much had been said about the inadequacy of the transportation facilities provided for stock shipments by the above company, and comparisons were made with American railway lines to show how far behind this company is. Considering, however, that this line is only under construction, your commissioners were surprised that the grievances were not worse and the facilities as good as they are.

The officials of both transportation companies stated in evidence that they are prepared at any time to look into any grievance and remedy, if possible. They are also prepared to join with the people in providing union stock-yards, and such other improvements as changing conditions call for.

MEAT INSPECTION.

We found absolutely no demand for the inspection of meats supplied by farmers, except from the dealers. These have, within recent years, endeavored to put farmers out of slaughtering during the winter months and selling to the trade or to consumers in the city, with the object of cornering the trade, and thus increasing their profits. During the investigation there was not a single instance related of a farmer offering unsanitary meat for sale. There was of dealers who had slaughtered and had up for sale meat "that was only fit for carrion." The attention of your commissioners was drawn to one unsanitary condition that should be regulated. We refer to some of the out of the way slaughter houses, where a large number of hogs are kept wading in filth, and feeding on the offal and blood. Hogs raised under such conditions may make as wholesome food as those raised on the farm on grain chop, but, judging from the condition and environment, it seems impossible.

RECOMMENDATIONS.

In view of the foregoing your commissioners would summarize our recommendations as follows:—

1. That, at the present, the City of Winnipeg provide a public market and abattoir, under proper regulation and management, and other points as fast as the trade will justify;

2. That the railway companies should provide union stock-yards, under independent management;

3. That the railway companies be requested to make provision, in their yards, to ensure proper care and protection of all animals being transported, either for local sale or export;

4. That complaints against the railway companies be referred to the Railway Commission;

5. That cattle should always be bought and sold in their normal state;

6. That we do not find that there exists, or has existed, any combination in restraint of or affecting trade in cattle, sheep or meat, or any or all of them, in the Province or elsewhere, such as would infringe on "The Criminal Code of Canada, 1892," and amendments thereto, and cannot therefore recommend any prosecution;

7. That a copy of the evidence, and a copy of this report, be sent to the Minister of Justice at Ottawa, with a recommendation for his consideration thereof, in order that "The Criminal Code" be further amended, so as to provide a remedy for conditions that now obtain, but which are not in direct violation of "The Criminal Code," and that your commissioners are further of the opinion that means should be devised to successfully meet modern conditions, and thereby secure to the producer his legitimate value.

All of which is respectfully submitted,

ALEX. M. CAMPBELL,
Chairman.

ALEX. MIDDLETON.

Edmonton, Alberta, December 19, 1907.

